

AMO HOUGHTON
29TH DISTRICT, NEW YORK

1111 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3229

PHONE: (202) 225-3161
FAX: (202) 225-5574



P.02/03
COMMITTEE ON WAYS
AND MEANS
SUBCOMMITTEE ON TRADE
SUBCOMMITTEE ON OVERSIGHT
CHAIRMAN
COMMITTEE ON
INTERNATIONAL RELATIONS
SUBCOMMITTEE ON AFRICA

Congress of the United States
House of Representatives

RECEIVED
03 SEP 26 PM 5:48
FEDERAL MARITIME COMMISSION

September 25, 2003

Bryant L. VanBrakle, Secretary
Federal Maritime Commission
800 North Capitol Street, N.W.
Washington, DC 20573

Dear Commissioners:

Re: Petition P3-03

It is my understanding that UPS has filed for an exemption from the prohibition on Non-Vessel Operating Common Carriers (NVOCCs) from entering into confidential contracts with their customers. Due to the operational characteristics of UPS and recent developments within the ocean shipping marketplace, the antiquated regulatory scheme governing NVOCCs should be revised. I write in strong support of the UPS petition currently pending before the FMC.

During consideration of the Ocean Shipping Reform Act (OSRA) revision of 1998, Congress carefully considered all aspects of the ocean shipping industry including the role of NVOCCs. Based on the nature of ocean shipping at the time, Congress determined that NVOCCs should be regulated differently than vessel operators. In the late 1990s, most NVOCCs were small enterprises that neither owned ocean vessels nor the cargo being shipped. In order to protect shippers and to guarantee liability coverage, Congress determined that NVOCCs should operate under a published tariff system when dealing with its customers,

However, the state of the U.S. ocean shipping industry has changed dramatically since passage of OSRA. There has been unprecedented consolidation among ocean carriers resulting in the loss of major U.S. flagged carriers. In an effort to offer customers a full range of services, these very same carriers have created vertically integrated logistics companies that now compete with NVOCCs.

UPS operates the most sophisticated, integrated, intermodal transportation network in the world, which includes air, rail and surface and NVOCC transportation, and is deemed a "carrier" in the surface and air freight industries. Furthermore, UPS makes significant annual capital investments in its asset-based transportation infrastructure. These facts alone set UPS apart from the companies that first raised concerns about the regulatory status of NVOCCs.

The UPS petition, citing the recent evolution of the ocean shipping marketplace, is precisely the reason Congress granted such broad exemption authority to the FMC. While anticipating dramatic changes in the ocean shipping industry, with the passage of OSRA,

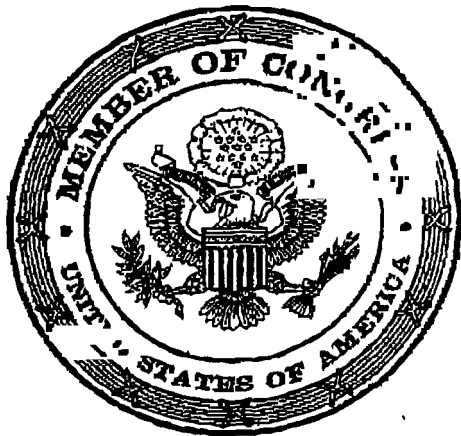
Congress did not contemplate how fast or how smoothly the market could adapt to these changes, **By granting** this petition, the FMC will acknowledge ~~these~~ changes, level ~~the~~ playing field between N VOCCs and vessel operators, and ultimately benefit ocean-shipping consumers around the world.

I am **hopeful** the FMC will give the UPS petition its utmost consideration and render an equitable decision based upon the merits of ~~the~~ UPS case.

Sincerely,


Amo Houghton

Office of Rep. Amo Houghton
29th District of New York



Fax Message

RECEIVED
03 SEP 26 PM 5:48
OFFICE OF THE SECRETARY
FEDERAL MARITIME COMM

1111 Longworth, Washington, D.C. 20515 Phone: (202) 225-3161 Fax: (202) 225-5574

DATE: 9/26/03

TO: Bryant L. VanBrakle
Secretary

Fax Number 523-0014

FROM: Hugh Blatner

PAGES including cover: 3

NOTES: Original copy mailed,